

UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF MISSOURI

H&R BLOCK, INC. and HRB
INNOVATIONS, INC.,

Plaintiffs,

v.

BLOCK, INC.,

Defendant.

Case No. 4:21-cv-00913-NKL

**DECLARATION OF CHRYSTY ESPERANZA
IN SUPPORT OF BLOCK, INC.’S OPPOSITION
TO PLAINTIFFS’ MOTION FOR PRELIMINARY INJUNCTION**

I, Chrysty Esperanza, declare and state as follows:

1. I submit this declaration in support of Block, Inc.’s Opposition To Plaintiffs’ Motion For Preliminary Injunction on behalf of Block, Inc. (“Block” or the “Company”).
2. I am the General Counsel of Block, Inc. I was involved in the decision to change the Company’s corporate name from Square, Inc. to Block, Inc., as well as the branding accompanying the name Block and how that name would be used.
3. I have personal knowledge of the matters set forth herein, except as otherwise stated and, if called as a witness, I could and would testify competently thereto.

Block, Inc.’s Origins As Square, Inc.

4. The Company was founded in February 2009 by St. Louis locals, Jack Dorsey and Jim McKelvey. *See* Press Release, *Square Opens New Office in St. Louis* (Sept. 22, 2015), <https://squareup.com/us/en/press/square-opens-st-louis-office> (a true and correct copy of which is attached as **Exhibit A**).

5. From its inception, the Company's mission has been simple: to create tools that help expand access to the economy. This includes enabling small businesses to accept credit and debit cards for payment and enabling people to transfer funds between one another using their mobile phones.
6. The Company's initial product, called Square, was a square-shaped payment card reader and point-of-sale software that offered small businesses and other sellers a streamlined system for accepting customer payments. From the beginning, the Company offered the Square products and services under the "Square" name and logo:



7. The Square products and services combine powerful but easy-to-use software with affordable hardware to enable sellers to turn mobile and computing devices into robust payment and point-of-sale solutions. Merchants also appreciate Square's approach to fraud loss management which, through data science and machine learning, has helped reduce these risks for small businesses.
8. The Square brand now offers a full suite of payment services. For example, Square Reader is a card reader that plugs into the audio or lighting port of mobile-devices, such as phones and tablets. Square Stand turns an iPad into a point-of-sale payment system. Square Register is an all-in-one point of service system with multiple displays. Square Terminal is a hand-held credit card machine with a printer. Square Online allows anyone to quickly and easily build an online store or eCommerce website. Square Invoices offers a streamlined invoicing system by which businesses can generate estimates, bill

customers, and receive and keep track of payments. Square Marketing provides data analytics and email marketing services. Square Team Management provides employee scheduling, time-card management, and payroll solutions, among other things. Square Banking provides small-business checking and savings accounts.

9. Square's simplicity, reliability, and cost structure have revolutionized commerce for merchants and their customers. Before Square, many businesses remained cash-only because the effort and expense required to obtain and coordinate hardware, software, and payment services to accept payment cards was too burdensome. Square changed that through user-friendly technology and simple and transparent fees. Square has become immensely popular among sellers of all types and sizes, including farm stands, accountants, doctors, mom-and-pop retailers, and restaurants. In Missouri alone, we have more than 65,000 Square merchants, which include Kansas City restaurants like Local Pig, Planet Sub, and Meshugga Bagel.

Square, Inc.'s Continued Expansion As A Company

10. Although founded in California, the Company has grown significantly since its founding. It has more than 5,000 employees, and it has opened multiple offices in the United States and globally. Its first Missouri office opened in 2015, and last year it added more staff and moved its office to a much larger space in downtown St. Louis. *See Ex. A; Steph Kukuljan, 'We're so happy.' Square bucks trend, opens office in downtown St. Louis, St. Louis Post-Dispatch (Jul 19, 2021), https://www.stltoday.com/business/local/we-re-so-happy-square-bucks-trend-opens-office-in-downtown-st-louis/article_f0f0a6a1-969e-5083-85db-d220dd4ba5ec.html* (a true and correct copy of this article is attached as **Exhibit B**). The Company employs more than 900 people in Missouri, which is also home to more than 65,000 Square merchants and more than 700,000 Cash App users.

Square Inc.'s Growth Beyond Square

11. The name “Square, Inc.” made sense when the company’s only products and services were those offered under the Square brand. But that is no longer the case.
12. In 2013, the company launched what it initially called “Square Cash” to provide electronic peer-to-peer money transfers. As that business grew it became clear that Square Cash’s audience was vastly different from Square’s audience, and the company determined that the business would be better served under a brand identity separate from the Square product suite. In 2017, the Company rebranded Square Cash as Cash App and stopped using Square in any of the branding and marketing materials associated with Cash App. Cash App is the Company’s only business that offers any income tax preparation services, which it offers through a feature of Cash App called Cash App Taxes.
13. In 2019 the company launched a new initiative to focus on advancing Bitcoin through a cryptocurrency investment and development platform. Although originally called Square Crypto, that business is now branded Spiral.
14. In 2021, the Company acquired a majority stake in TIDAL, a music and video streaming service. Consistent with Square and Cash App’s ethos of accessibility, TIDAL seeks to make music streaming services more accessible to artists and consumers. For artists, TIDAL provides competitive streaming royalty rates and connects emerging artists with wider consumer audiences through its TIDAL Rising promotion service. For consumers, TIDAL offers a higher-quality data format than the leading streaming services at an affordable price.
15. Also in 2021, the Company announced a forthcoming decentralized financial platform named TBD54566975. TBD54566975 remains in development and will become an

open developer platform that enables access to Bitcoin and other blockchain technologies. TBD54566975 has released a “white paper” on a proposed liquidity protocol called tbDEX.

16. Thus, as reflected in the chart below, the Company now offers a wider array of services, each under separate subsidiary brands:

<u>Product Brand</u>	<u>Service</u>
Square  Square	<p>Point-of-sale payment processing software and hardware</p> <p>A suite of eCommerce solutions, such as an online store builder, inventory management services, online payment integrations, and eCommerce developer resources</p> <p>Payment processing and inventory management products for e-commerce vendors</p> <p>Invoicing software and services</p> <p>Other financial services for merchants, such as checking accounts, savings accounts, debit cards, and business loans</p>
Cash App  Cash App	<p>Peer-to-peer money, stock, and bitcoin transfer</p> <p>Virtual and physical debit cards</p> <p>Direct deposit services</p> <p>Stocks and bitcoin investment</p> <p>Curated clothing line</p> <p>Tax preparation software and filing</p>

TIDAL 	Music and video streaming
Spiral 	Bitcoin software development kits and developer investment
TBD54566975 (visual brand identity not yet launched)	Forthcoming decentralized financial platform

Square, Inc. Changes Its Name To Block, Inc.

17. As the Company expanded its product offerings beyond the original Square service, it determined that the name Square, which was strongly associated with the Square merchant product suite, was ill-suited to convey the breadth of the Company’s product lines and their evolving audiences. Block’s other businesses—such as Cash App and TIDAL—serve a wider community, including consumers, artists, music fans, and technology developers. To refer to the entire organization as “Square” no longer made sense and made it difficult to distinguish the Company itself from Square products and services.

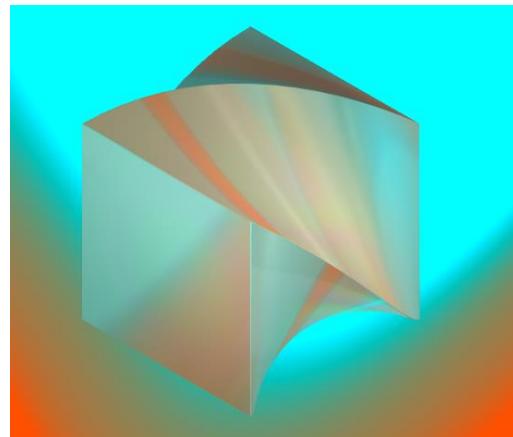
18. A team of employees worked for months to identify a new brand architecture that would serve the Company’s goals and reflect its purpose. To better serve all of its businesses, as well as its corporate needs, the Company ultimately selected the name Block and decided to use a “house of brands” model that allows the customer-facing brands to have identities distinct from the corporate company name. Consistent with this approach, the

Company has decided that the “Block” corporate name will be completely absent from the brand identities of its customer-facing businesses. For example, Square will continue to be called Square, not “Square by Block,” and Cash App will continue to be called Cash App, not “Cash App by Block.” Thus, the Company has no plans to use the word “Block” as part of any branding for customer-facing brands for tax preparation service, banking services, or others.

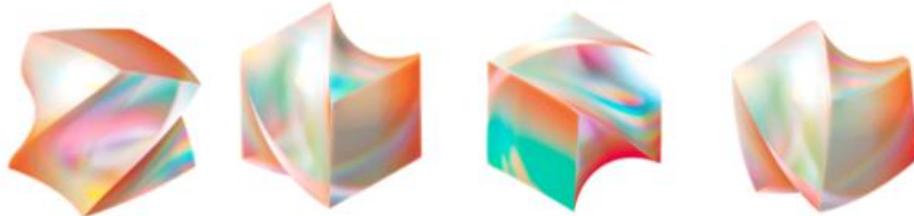
19. The Company’s approach differs from the “house mark” approach occasionally used by Marriott Hotels, with “JW Marriott” and “Courtyard by Marriott” as sub-brands. Rather, as with the brands offered by Procter & Gamble, such as Bounty, Crest, Dawn, Febreze, Gillette, and so forth, Block’s brands have their own names and identities for their customer-facing products and services that are completely separate from the corporate name and entity. Using “Block” as the corporate name allows each of the Company’s customer-facing brands, such as Square, Cash App, TIDAL, Spiral, and TBD54566975, to stand at the forefront of customers’ minds.
20. In a December 1, 2021 Tweet, Square, Inc. announced that it would change its name to Block, Inc. effective ten days later. *See @Blocks, Twitter (Dec. 1, 2021, 4:37 pm)* (announcing new corporate name); *see also* Compl. Exh. A (Press Release announcing new corporate name). As the Company explained: “We’ve been working to make this change for over a year ***and it only represents a change of our official corporate name –*** not our purpose, our vision, our structure, or how we operate.” *See @Square, Twitter (Dec. 1, 2021, 4:35 pm)* (emphasis added).
21. As the press release explained, “We built the Square brand for our Seller business, which is where it belongs.” Compl. Dkt. 1, Exh. A (Press Release announcing corporate name

change). In contrast, the “Block” name has multiple meanings that fit with the company’s values and purpose — “building blocks, neighborhood blocks and their local businesses, communities coming together at block parties full of music, a blockchain, a section of code, and obstacles to overcome.” Compl. Ex. A (Press Release announcing corporate name change). Of course, it is also a geometric play on the Company’s continuing intent to expand beyond “Square,” from a two-dimensional meaning and static, monochromatic logo to a three-dimensional meaning and colorful, animated logo.

22. To accompany its new name, the Company also launched a newly designed visual identity and branding, showcasing digital-first, 3D, vibrant, art forward design. Initial concepts were rejected for looking “overly corporate.” The final visual logo for Block is an iridescent twisted cube form featuring vivid orange and teal coloring that is animated to constantly turn, flip, and change in geometric appearance:



In its animated presentation, the cube has an iridescent appearance that changes in color and shape as it spins, twists, and turns. A few captured images are shown below:

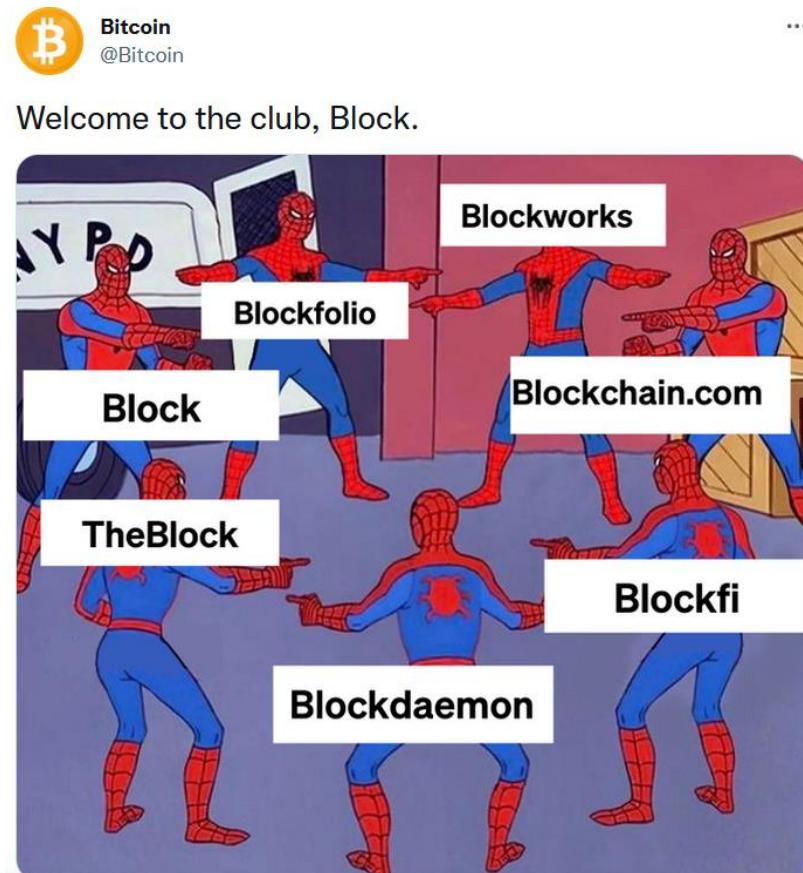


On the Company's website, block.xyz, the revolving cube moves to music from a TIDAL playlist. A music player is located in the upper left-hand corner.

23. As these images reflect, even when static and “resting,” Block’s logo is never a standard geometric cube with six flat sides meeting at right angles. The Company uses the animated version of its logo whenever possible—including on its website, in connection with its social media presence, and elsewhere, and its asset-use guidelines require others to use the animated version of the logo whenever possible as well.
24. The Company never intended to trade off H&R Block’s goodwill or reputation. Instead, as described in the preceding paragraphs, the Company sought to create corporate identity that is unlike anything else.
25. The rebranding of the Company took significant time and resources. More than a year before the branding announcement was made, a team of more than 70 employees was working on the project. Although the team was restricted to the most need-to-know basis to prevent any leak of the plan, by the time the name change was ready to announce internally, hundreds of employees were part of the team working on the name change. This includes web and creative development, and regulatory and legal fees to implement the change. After the naming team generated the idea for “Block,” dozens of engineers, designers, copywriters, developers, and communications and legal team members spent more than a year working to develop the name and logo and implementing the name change across the business. The Company secured new domain names and social media

usernames, built its new website, redesigned its internal email and computer systems, employee tools and programs, built 3-D graphics for its new logo, changed legal documents for its businesses, and implemented the formal name change with the Delaware secretary of state, the New York Stock Exchange, and other governmental bodies. To date, the Company has spent more than [REDACTED] to change its corporate parent name from Square, Inc. to Block, Inc. and create a new logo.

26. I am generally aware that other companies use “BLOCK as part of their names, especially when offering services related to blockchain. In a humorous reference to that common use, on December 1, 2021, the day that Block, Inc. announced its name change, the official Twitter account of Bitcoin, which also uses blockchain technology, tweeted the below image:



However, the Company did not choose the name “Block” to associate itself with any of these entities. And it certainly did not choose the name Block with any intent to associate itself with H&R Block or in any way confuse consumers. I was very surprised by H&R Block’s lawsuit and the notion that anyone would be confused between the two companies.

Harm to Block If Forced To Rebrand

27. If the Company were forced to change its name again, the value of the substantial financial investment made in developing and implementing its new corporate identity would be lost and the Company would be forced to incur even more substantial development, rebranding, and implementation costs. Reverting back to “Square” is not a commercially viable option because of the expansion of the Company’s services, marketplace expectations, and the need to identify the Company separately from its business units.
28. If forced to rebrand, Block’s internal communications and web development teams would need to undo all the changes that have already been completed, develop a new brand identity, and then redo the previous work to implement it. This would include once again obtaining a new domain name and social media usernames, redesigning a new website, and modifying internal computer systems on which the Company depends. All related legal documentation would once again need to be changed. Based on my experience with the initial process, I believe developing a new corporate name and brand would cost even more than [REDACTED] we have already spent, and take more than one year. Changing the company name, after all the effort put into the rebrand, would harm employee morale and cause the company reputational harm in recruiting.

29. An immediate name change would run afoul of state money transmission and virtual currency laws, their related notification requirements, and the expectations of state and federal regulators. Block, Inc. is a licensed money transmitter, BitLicense holder, broker-dealer, and provider of prepaid accounts under state and federal law, and many of its international subsidiaries hold licenses to conduct business on a global level. State laws require us to give notice of a name change, and the regulators issuing these licenses further expect, and in many cases require, advance notice of any name change. Some states even assert an approval right over any such name change. Those same regulators could fine Block, or even revoke Block's licenses in an extreme case, if Block were to operate under a new, unlicensed and unauthorized name without providing the proper advance notice and receiving the requisite approvals. States and regulators typically require 30-60 days advance notice. Any adverse regulatory actions against Block could trigger further notifications to federal and international regulators, which could damage Block's standing, reputation, and relationship with our global regulators. License revocation would be detrimental to the Company and would result in substantial disruption and harm to the customers who rely on those products for their financial needs.
30. The Company renamed itself as formal recognition of its expanded and ever-growing group of accessible and inclusive businesses. The Block renaming announcement generated excitement among employees and investors as to the future of the Company. Notably, until H&R Block filed this lawsuit on December 16, 2021, it did not complain about the name change.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: January 12, 2022
San Francisco, California

DocuSigned by:

Chirsty Esperanza
A38817A970AD4A9

EXHIBIT A

Square Opens New Office in St. Louis

SEP 22, 2015

Company plans to hire more than 200 people for its fourth U.S. office

ST. LOUIS – September 23, 2015 – Today Square announced that it opened an office in St. Louis, Missouri. The office is located in St. Louis' Central West End, where the company plans to hire more than 40 full-time employees immediately, and grow to more than 200 over the next five years.

Square was founded in 2009 by St. Louis natives Jack Dorsey and Jim McKelvey.

“St. Louis is an important part of Square’s history,” said Jack Dorsey, CEO of Square. “It’s an incredible city and my hometown, and we’re excited to further invest in the community. Go Cards!”

“There’s talent all over the country, not just on the coasts,” said Jim McKelvey, co-founder of Square. “St. Louis business owners who accept payments with Square have already contributed more than \$85 million to

the local economy, and we're thrilled to be even more ingrained into the fabric of the city."

St. Louis is a prime location for Square's new office because of its growing economy and wealth of talent from top universities, research centers, and training programs. With three other offices in the United States, Square will use its new St. Louis location to better meet its sellers' needs in the Midwest. Employees in St. Louis will span multiple job functions, including Compliance Operations, Customer Support, IT Tech, Recruiting, and Office Experience.

About Square, Inc.

Square creates technology that helps sellers of all sizes unlock the value of every sale. Square's **register** service is a full point-of-sale with tools for every part of running a business, from accepting credit cards and tracking inventory, to real-time analytics and invoicing. Square also offers sellers financial and marketing services, including **small business financing** and powerful **customer engagement** tools. Businesses and individuals use **Square Cash**, the easiest way to send and receive money, as well as **Caviar**, a food delivery service for high-quality restaurants. Founded in 2009 and headquartered in San Francisco, Square is available globally with offices in the United States, Canada, Japan, and Australia.

Payments

[Square Payments](#)

[In Person](#)

[By Invoice](#)

Point of Sale

[Point of Sale Overview](#)

[Square Point of Sale](#)

[Square for Restaurants](#)

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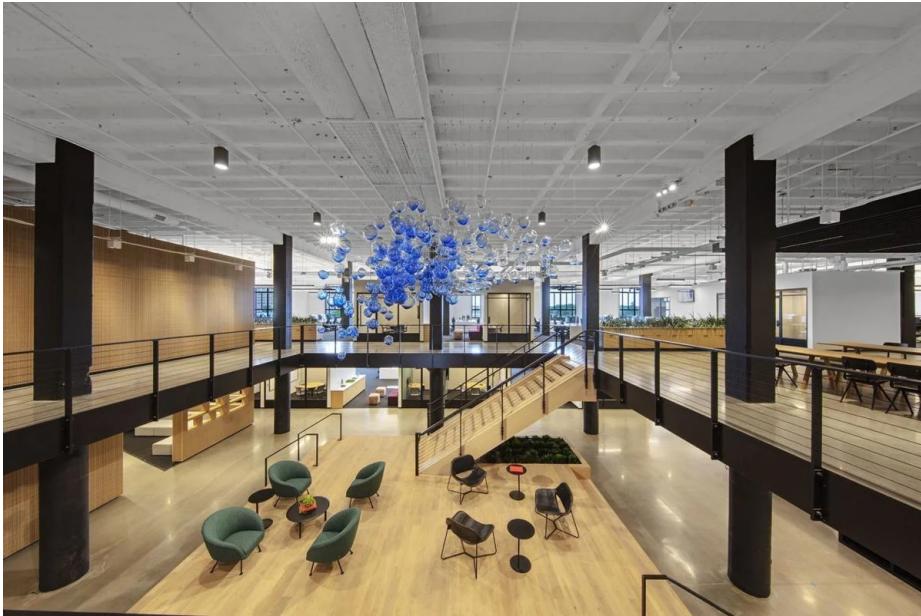
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[**Block, Inc.**](#)

EXHIBIT B

'We're so happy.' Square bucks trend, opens office in downtown St. Louis

Steph Kukuljan
Jul 19, 2021



A view of Square Inc.'s new downtown St. Louis office. The financial services firm moved into its new space on Monday, July 19, 2021.

Courtesy of Square Inc.

Steph Kukuljan

ST. LOUIS — Monday marked move-in day for Square Inc.'s more than 850 local employees, who will finally experience their new downtown St. Louis office after more than a year of working from home.

The San Francisco-based payment processing company is allowing vaccinated employees to work from its new office at 900 North Tucker Boulevard, the former home of the Post-Dispatch. The company, led by Twitter CEO Jack Dorsey, moved from the Cortex innovation district.

Downtown has struggled to attract companies over the past few decades and has one of the highest office vacancy rates in the region. Some smaller firms have moved in — Sterotaxis, a surgical instrument maker, moved to the Globe Building in 2020, and Chesterfield-based private equity firm Larson Capital Management opened an office at 100 North Broadway this year — but Square is the most high-profile company to move downtown in recent years.

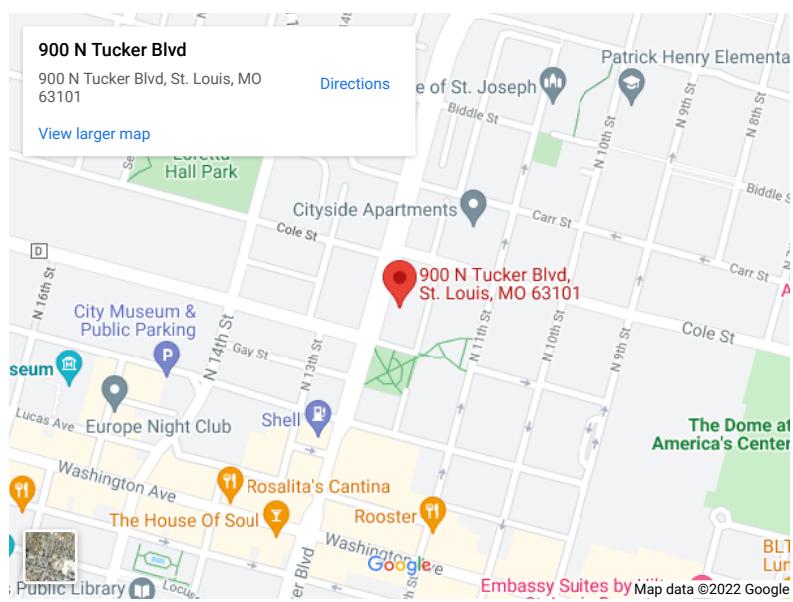
"Something both our co-founder Jim McKelvey and I always wanted to do was to give back to our hometown," Dorsey said in a statement. Dorsey and McKelvey grew up in St. Louis. "We're so happy we can grow Square in downtown St. Louis, and hope others will do the same."

Square, including its mobile payment service Cash App, will occupy about 226,000 square feet on North Tucker. The company signed a 15 year lease.

The company says its new space can accommodate up to 1,200 employees. It has 300 job openings across engineering, sales, operations, design, recruiting and customer service that could be done in the St. Louis area, officials said. Square employed nearly 5,500 people companywide at the end of 2020.

Square instituted a mandatory work-from-home policy in March 2020 due to COVID-19. The company has begun a phased return to the office and will let employees choose how often they want to work in the office, officials said.

The building underwent a \$70 million renovation, receiving \$11.8 million in tax increment financing after McKelvey's company The StarWood Group acquired it in 2018 for \$3.5 million and the Post-Dispatch moved to 901 North 10th Street in 2019.



The Post-Dispatch building was built in 1930 by the St. Louis Globe-Democrat to house presses, distribution equipment and offices. The Post-Dispatch bought it in 1959.

Square has kept remnants of the building's history including a two-story printing press, an original spiral staircase and a conference room named the Pulitzer Room. John Berglund, McKelvey's partner at The StarWood Group, said the building has 50,000 square feet left to lease that could accommodate one or more tenants.

"The StarWood Group is thrilled to see employees of Square and Cash App begin to occupy the building at 900 North Tucker, which is impactful for the area," Berglund said in a statement. "We're excited to see this project come to fruition after two years and support more jobs coming to the 5th Ward. We are thankful for all of the support from both the city and state which made the project possible."

Square's move to downtown also is key to a planned innovation district that aims to add more jobs and economic growth to the area north of Washington Avenue. The district, called Downtown North Urban Insight District, would include the tech incubator T-REX and the Globe Building, which is establishing a tenant roster of geospatial companies.

The North Tucker building was designed by Mauran, Russell and Crowell, which also designed the Federal Reserve Bank at 411 Locust Street and the Southwestern Bell Building at 1010 Pine Street in the 1920s.

A bevy of local companies worked on StarWood's renovation, including construction firm Tarlton Corp., Trivers architecture firm and McClure Engineering. CannonDesign designed Square's space.

Steph Kukuljan

Steph Kukuljan covers real estate and development for the St. Louis Post-Dispatch. She is a St. Louis native.